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ABSTRACT

This report summarizes testimony of Franklin Frazier, Director of Education and Employment Issues, the Human Resources Division of the Government Accounting Office, concerning the need for improved federal leadership in helping states utilize the "order of selection" provision (in the Rehabilitation Act of 1973) to provide rehabilitation services to those most severely handicapped. Review of state policies and actions found that: most states have not implemented order of selection; those states which have implemented order of selection find the procedure useful; and federal guidance and monitoring should be improved. The 11 states visited which were not using order of selection reported they could serve all eligible clients and thus didn't need to use the procedure. Other officials raised concerns that use of the procedure could significantly decrease the total number of people served. It is recommended that the Rehabilitation Services Administration be more active in helping states learn from each other and implement the procedure. (DB)

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VOCATIONAL REHABILITATION

Improved Federal Leadership Could Help States Focus Services on Those With Severe Handicaps

Statement of
Franklin Frazier, Director of
Education and Employment Issues
Human Resources Division

Before the
Subcommittee on Select Education
Committee on Education and Labor
House of Representatives

EC 300889

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SUMMARY OF TESTIMONY BY FRANKLIN FRAZIER ON NEED FOR IMPROVED FEDERAL LEADERSHIP TO HELP STATES FOCUS SERVICES ON THOSE WITH SEVERE HANDICAPS

Program funding for vocational rehabilitation is sufficient to serve only a small part of those potentially eligible. In 1989 the program served about 7 percent of the estimated 13.4 million persons with handicaps who were potentially eligible. In addition, program officials expect that the number of Americans with handicaps will continue to grow as the population ages and medical technology prolongs the lives of the seriously injured. The Rehabilitation Act of 1973 recognized the possibility that not all individuals with handicaps could be served and required states to focus services on those with severe handicaps. Under the order-of-selection provision, Congress further required states which are unable to provide services to all eligible applicants to give individuals with the most severe handicaps first priority for rehabilitation services.

GAO's review of states' use of order of selection found:

MOST STATES HAVE NOT IMPLEMENTED ORDER OF SELECTION. Nationally, more than half the states have never used order of selection. Officials in the 11 non-order-of-selection states GAO visited said they were in compliance with the act because they could serve all eligible applicants. However, many states use caseload management techniques--such as reducing outreach efforts--to limit applicants when resources are not available to serve additional clients. Also, some federal and state officials expressed concern that serving high numbers of clients with severe handicaps could result in significantly reducing overall client caseloads.

ORDER-OF-SELECTION STATES FIND THE PROCEDURE USEFUL. Nine states have used order of selection for at least two consecutive years between 1976 and 1989. Officials we spoke with in these states found it to be a fair and manageable way to set priorities for limited resources. Overall, these states have a higher percentage of clients with severe handicaps in their caseload than do non-order-of-selection states.

GUIDANCE AND MONITORING SHOULD BE IMPROVED. The Rehabilitation Services Administration does not provide adequate guidance and oversight to help states in implementing order of selection. For example, the agency does not assess states' determinations of whether they need to implement order of selection. Also, regional officials differed in their interpretations of the provision's requirements.

Mr. Chairperson and Members of the Subcommittee:

I am pleased to be here today to discuss the results of our work on the Rehabilitation Act of 1973. You asked us to help in the reauthorization process by reviewing implementation of the act's order-of-selection provision.

As you know Mr. Chairperson, program funding for vocational rehabilitation is sufficient to serve only a small part of those potentially eligible for services. In 1989 the program served about 7 percent of the estimated 13.4 million persons with handicaps who were potentially eligible. Moreover, officials expect that the number of Americans with handicaps will continue to grow as the population ages and medical technology prolongs the lives of the seriously injured.

Recognizing the possibility that not all could be served, the 1973 act required states to focus services on individuals with severe handicaps.[1] Under the act's order-of-selection provision, Congress further required that when a state is unable to serve everyone who applies and is eligible for the program, it must give first priority to those with the most severe handicaps. Order of selection can be implemented in a variety of ways, but usually counselors assign each client to one of several priority categories, reserving the highest for those with severe handicaps. Services which must be purchased for clients from other providers generally remain unavailable to clients in the

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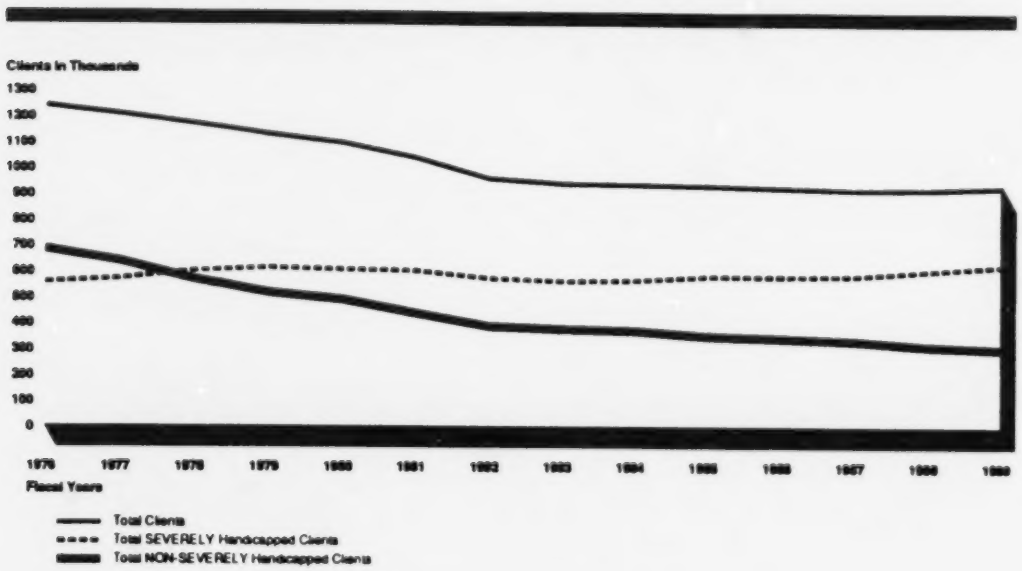
[1]According to the 1973 act, a person with a severe handicap is one who has a severe physical or mental disability that seriously limits functional capacity for employment and is expected to require multiple vocational rehabilitation services over an extended period of time.

lowest priority categories because of limited resources, although all clients may receive non-purchased services.[2]

Since the 1973 legislation, the number of clients served has declined, while the percentage of clients with severe handicaps has increased. Nationwide, the number of clients served has dropped almost 25 percent since 1976, from 1.2 million to 929,000 in 1989. During the same period the number of clients with severe handicaps increased about 12 percent from 556,000 to 625,000. On average, 68 percent of the total active 1989 caseload was comprised of clients with severe handicaps, up from 45 percent in 1976. (See fig. 1.) But the percentage varied greatly from state-to-state, ranging from around 40 percent to over 95 percent.

Figure 1: Clients Served Nationwide (Fiscal Years 1976-1989)



[2]See page 7 for a discussion of purchased and non-purchased services.

At your request, Mr. Chairperson, we conducted a multi-state review to determine (1) why most states do not use order of selection, (2) how some states have implemented the provision, and (3) how the Department of Education ensures that states comply with the order-of-selection provision. We did not review other approaches states may use to meet the act's intent to focus services on those with severe handicaps, nor did we attempt to assess states' compliance with the act's order-of- selection requirement.

During our review we visited 20 state rehabilitation agencies and selected local offices in some of those states. Nine states we visited were the only ones to have used order of selection for at least 2 consecutive years between 1976 and 1989. These states, which we call order-of-selection states were: Georgia, Illinois, Kentucky, Maine, Massachusetts, Pennsylvania, Tennessee, Vermont, and West Virginia. We also visited 11 of the states with little or no experience with order of selection. These states, which we call non-order-of-selection states, were: California, Florida, Louisiana, Michigan, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, and Texas.

To determine the relationship that order of selection may have to the percentage of severely handicapped in state caseloads, we analyzed state caseload data for fiscal years 1976 through 1989, the latest year for which data were available. These data are collected and maintained by the Rehabilitation Services Administration in the Department of Education.

MOST STATES HAVE NOT IMPLEMENTED ORDER OF SELECTION

Few states have implemented order of selection to any great extent. In our review of state practices, we found that nationally more than half the states have never used order of selection. Between fiscal years 1973 and 1989, 30 states had

not had any experience with order of selection; 12 had limited experience.

Officials in the 11 non-order-of-selection states we visited said they did not implement order of selection because they could serve all eligible applicants. Additionally they raised concerns about implementing order of selection; these include administrative burden--for example, in reeducating referral sources as to who could receive what type of services--and possible inequity in denying purchased services to clients with less severe handicaps. Both federal and state officials alsc raised concerns about the impact order of selection could have on overall caseloads.

States said they were serving all eligible applicants

The 11 non-order-of-selection states we visited said they could serve all eligible applicants and therefore were in compliance with the law without using order of selection. While we did not try to assess state compliance, we did find that states use a variety of caseload management techniques, for example decreasing outreach, to decrease the number of applications received. Although not necessarily intended to, these techniques make it appear that demand is being met and order of selection is not needed when, in fact, people who want and may be eligible for services are waiting to apply.

To the extent they reduce or limit the number of individuals who apply for services, caseload management practices make it difficult to determine the need for order of selection. For example, counselors in 5 of the 11 non-order-of-selection states eliminated or reduced outreach efforts when demand exceeded resources. We also found some local offices in 5 states had deferred applications or purchase of services for several weeks because of funding shortages. A local office in one state had a

list of 200 people who were waiting to submit applications; at an office in another state the wait could be as long as 6 weeks to submit an application.

Concerns about the impact of order of selection

Some state and federal officials were concerned that serving a high percent of clients with severe handicaps could significantly decrease the overall number of people served. In addition, if the percentage of clients with severe handicaps is very high--it's over 90 percent in one state--relatively few people with non-severe handicaps receive any services from the Vocational Rehabilitation Program. Others are concerned about the higher cost associated with serving individuals with severe handicaps.

The program director in a non-order-of-selection state said that he must show the state legislature a return on its investment; that is, programs need the inexpensive, successful rehabilitations of clients with non-severe handicaps to balance against the more costly, longer-term services provided to clients with severe handicaps. A Rehabilitation Services Administration official also cited the sometimes conflicting nature of order of selection and the traditional public policy trade-offs that must be made between the number of individuals served with severe and non-severe handicaps. Although the act intends that services to individuals with severe handicaps not be denied due to cost, this headquarters official said it is usually necessary to strike a balance between serving a few high-cost clients or a larger number of lower-cost clients.

These officials' concerns notwithstanding, congressional intent seems clear: individuals with severe handicaps are to receive priority and not be denied services in spite of the higher costs

associated with serving them. Although it is not clear if Congress foresaw a program serving almost entirely individuals with severe handicaps, as is the case in a few states now, in most states individuals with severe handicaps comprise well under 90 percent of the caseload. In fact, the wide variation among states in the caseload percentages that are severely handicapped indicates a great diversity in the success states have had in focusing services on these individuals.

ORDER-OF-SELECTION STATES FIND THE PROCEDURE USEFUL

In the nine order-of-selection states we visited, officials said order of selection is an effective procedure to prioritize services to those with severe handicaps, and most agree it is an effective way to manage limited resources. Some state officials said that resources are always limited and, in their opinion, all states should be operating under order of selection.

Further, officials in the nine order-of-selection states did not share the concerns of the non-order-of-selection states about burden and inequity. Officials noted, for example, that (1) administrative burden was minimal and (2) the non-purchased services provided to individuals with less severe handicaps were very important.

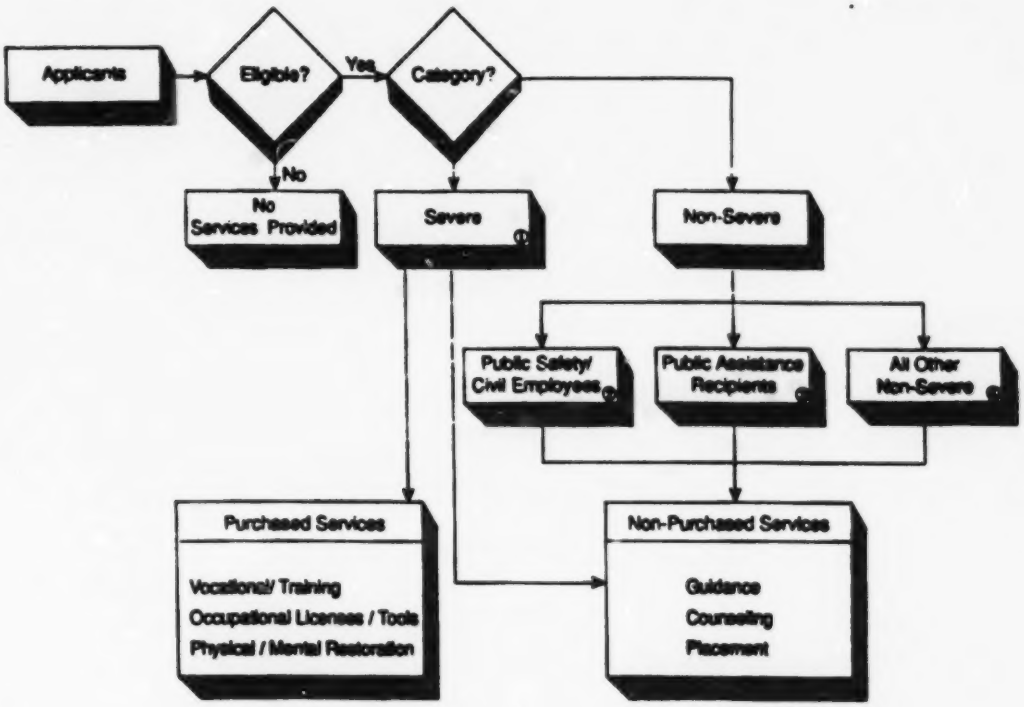
One key factor that may have reduced problems in the order-of-selection states was most of these states implemented it continuously rather than going on and off as resources fluctuated. The nine order-of-selection states have used the provision for 3 to 12 years; all but one have continued to use it for program year 1991. Most of these states envision continued long-term use of order of selection.

Order-of-selection states established different priority categories but followed similar patterns with regard to

provision of purchased and non-purchased services. The act requires that states give individuals with severe handicaps first priority for service. States used a variety of categorizations in establishing priority systems. One state's priority categories are described in figure 2. In this example, those with severe handicaps are in the highest priority category. Other categories, in descending order were: public safety officers, public assistance recipients, and all others.

Although categories differed, order-of-selection states followed similar practices with regard to providing purchased and non-purchased services. Non-purchased services, those provided directly by vocational rehabilitation staff--guidance, counseling, and placement--are available to all clients regardless of priority category. Purchased services are made available first to the clients with severe handicaps. Purchased services may include vocational and other training services, interpreter services for the deaf, reader services for the blind, occupational licenses and tools, and physical and mental restoration services. Three states--Illinois, Maine, and Pennsylvania--had adequate resources to purchase services only for their clients with severe handicaps. The remaining six states could provide purchased services to some of their clients with non-severe handicaps.

Figure 2: Order-of-Selection Priority Categories in One State



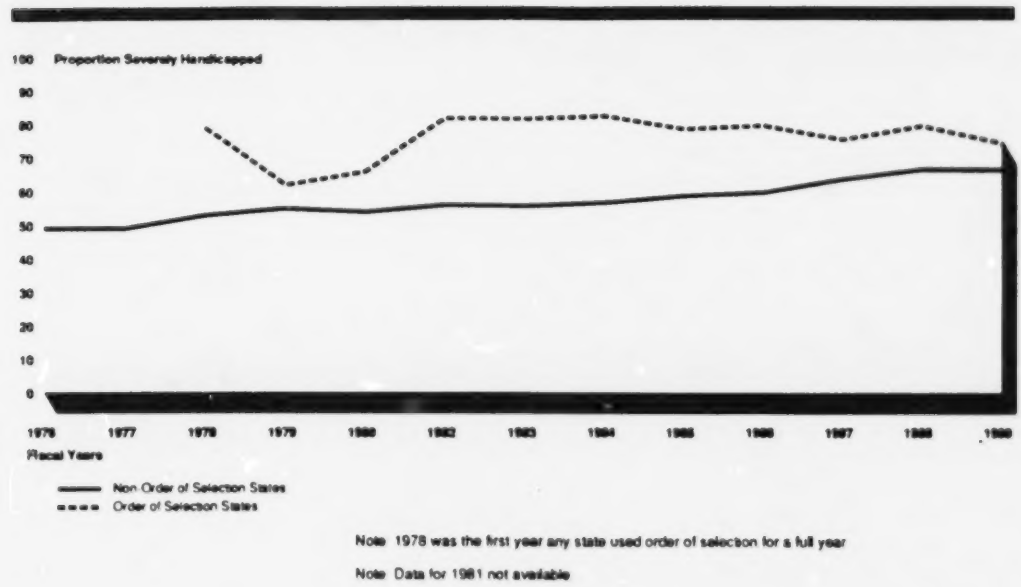
ORDER-OF-SELECTION STATES SERVE A HIGHER PERCENTAGE OF CLIENTS WITH SEVERE HANDICAPS

Program data showed that use of order of selection is associated with caseloads that have a higher percentage of clients with severe handicaps.[3] For example, from 1976 through 1989, caseloads in order-of-selection states contained a substantially higher percentage of people with severe handicaps (78 percent) than did caseloads in non-order-of-selection states (57 percent). (See fig. 3.) Sufficient data were not available to determine

[3]To determine if there is a correlation between order of selection and caseload composition, we used data for new cases because order of selection is a procedure that affects client intake practices. Caseloads presented here are for new clients for each year and in aggregate.

whether the difference was attributable solely to order of selection or also to other efforts underway to focus on those with severe handicaps. Officials in most order-of-selection states, however, said order of selection was largely responsible for increasing the percentage of clients with severe handicaps.

Figure 3: Severely Handicapped Served in States with Order of Selection Compared with Non-Order States



Note 1978 was the first year any state used order of selection for a full year

Note Data for 1981 not available

GUIDANCE AND OVERSIGHT SHOULD BE IMPROVED

The Rehabilitation Service Administration has not provided adequate guidance and oversight to assure appropriate implementation of order of selection.

The agency does not effectively monitor implementation of order of selection. In oversight of state programs it does not assess state decisions about whether to implement order of selection;

that is, it does not assess whether states have accurately determined whether they are serving all who apply. Further, even among the Administration's regional offices, which monitor state programs, opinions differed as to when order of selection is required and whether the Administration could mandate its use.

Further, the Rehabilitation Services Administration has not taken a leadership role in helping states implement order of selection. Officials in non-order-of-selection states were not familiar with the successful approaches used in the order-of-selection states. The Rehabilitation Services Manual encourages exchanges among states as well as with the Rehabilitation Services Administration on procedures and policies related to order of selection. We found no evidence, however, that the Administration had taken any steps to foster such information exchanges, although some states have initiated information exchanges on their own. In fact, officials in one non-order-of-selection state asked us to suggest states to call for assistance in addressing their questions.

Agency officials acknowledged that order of selection is still poorly understood and the guidance in the current program manual is unclear and outdated. The current program manual was written in 1975 and is currently being revised. One official said the Administration has given order of selection little priority over the last decade, in part because the Department of Education has viewed its relationship with states as a partnership and has left many program decisions to state discretion.

CONCLUSIONS

In conclusion, Mr. Chairperson, implementation of order of selection across states suffers from lack of clear guidance and leadership from the Rehabilitation Services Administration. The potential demand and limited resources for vocational

states would need to set priorities for services at some time. But in our review of state practices, we found that more than half the states have never used order of selection.

Order of selection is one way some states have found to serve more individuals with severe handicaps. Officials in all states with at least 2 years of continuous use found that order of selection helped them manage their resources; most also saw it as an important factor in increasing the proportion of clients with severe handicaps. Further, officials in these states generally did not find the provision difficult to administer.

The Rehabilitation Services Administration has not given order of selection much attention over the years. But the need for effective ways for states to set service priorities is likely to intensify as the numbers of individuals with severe handicaps increase. In our view, the Administration needs to provide (1) clearer guidance concerning if and when states need to implement order of selection, (2) increased monitoring, especially assuring that state decisions about whether to implement order of selection are based on appropriate criteria, and (3) leadership to help states learn how order of selection has been effectively implemented.

This concludes my prepared remarks. I will be happy to answer any questions you or other members of the Subcommittee may have.